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Baker-Polito Administration Files \$240 Million Economic Development Bill

Comprehensive economic development bill enables investments in housing production, new community tools, and innovative technology as well as provisions of An Act to Promote Housing Choices

SALEM — Today, Governor Charlie Baker, Lt. Governor Karyn Polito and Housing and Economic Development Secretary Mike Kennealy joined Salem Mayor Kimberley Driscoll to celebrate the filing of *An Act Enabling Partnerships for Growth*, a \$240 million economic development legislative package that includes provisions of *An Act to Promote Housing Choices* to produce more housing, build community and regional capacity, support diverse businesses and create jobs. This bill encourages more market rate housing in Gateway Cities and similar regions by expanding the Housing Development Incentive Program (HDIP); invests in affordable housing near transit; provides new flexible, responsive tools to build vibrant communities; and facilitates further economic growth and job creation by significantly increasing support for small businesses and industry clusters.

Last year, following extensive public engagement and stakeholder input, the Baker-Polito Administration released *Partnerships for Growth*, an economic development plan with four pillars – Addressing the Housing Crisis, Building Vibrant Communities, Supporting Business Competitiveness and Training a Skilled Workforce – that serve as the framework for the legislation filed today by Governor Baker.

“Building on the success of our two previous economic development bills, *An Act Enabling Partnerships for Growth* invests in further housing development and supports small businesses and innovative companies throughout the Commonwealth,” **said Governor Charlie Baker**. “This important legislation, partnered with our Housing Choice initiative, will continue our work to promote growth and success in every region of the state.”

“Since 2015, I have visited all 351 cities and towns in the Commonwealth, and have had the privilege of visiting with residents to understand what each community needs to thrive – from housing, to the economy, and to their workforces,” **said Lt. Governor Karyn Polito**. “This legislation will allow

communities across Massachusetts to provide opportunities and incentives to residents and businesses alike to ensure regional development and success.”

Governor Baker re-filed *An Act to Promote Housing Choices* last year to create targeted zoning reform to advance new housing production in Massachusetts and support the administration’s goal to produce 135,000 new housing units by 2025. *An Act Enabling Partnerships for Growth* includes these Housing Choice provisions to enable cities and towns to adopt certain zoning best practices through a simple majority vote rather than the current two-thirds supermajority.

This bill includes \$50 million towards the construction of new affordable housing, including units for low and extremely low income residents, and housing near transit hubs like train and subway stations, while mitigating traffic congestion. It also invests \$10 million in sustainable, climate-resilient affordable housing developments to mitigate climate change impacts and reduce greenhouse gas emissions. The legislation expands HDIP by increasing the incentive cap three-fold from \$10 million to \$30 million. To improve housing stability, the bill also makes \$25 million available to nonprofits, municipalities and community development corporations to support the reuse of blighted or vacant properties.

“After a statewide planning process that brought us to communities like North Adams, Chatham, and Salem and included extensive public engagement, we are excited to put the framework that is the Partnerships for Growth plan to work through this \$240 million economic development package that encompasses housing, community development, and business competitiveness,” **said Housing and Economic Development Secretary Mike Kennealy**. “This legislation builds on the state’s successful innovation and technology ecosystems by funding initiatives undertaken by universities and businesses, and also expands the Commonwealth’s investments in diverse small businesses and advanced manufacturing. We are grateful to our partners in the Legislature and in the Commonwealth’s cities and towns for your collaboration, and look forward to ongoing work to continue economic opportunity across Massachusetts.”

Today’s event was held near the future BRIX Condominiums, new housing supported through HDIP. Close to the Salem Commuter Rail Station, BRIX will replace the former Salem District courthouse with 55 market rate condos, six affordable units, and 3,000 square feet of new commercial space, and is part of Salem’s ongoing effort to transform the northern part of its downtown.

“As the Mayor of a vibrant and busy city, I am so pleased that Governor Baker and his team are advancing this new economic bill and especially that it includes supports for critically needed affordable housing, funding for economic capacity building and community development, and, measures to boost the competitiveness of our businesses,” **said Mayor Kimberley Driscoll**. “Salem is working hard to implement all the tools available to us to help increase our residents’ access to housing that meets their needs, whether it is affordable or market-rate. We’re also pushing hard to advance our competitiveness when it comes to jobs in the innovation economy. This legislation presents a framework of supports that are instrumental in continuing the efforts we’ve achieved on these fronts, while also laying the groundwork for future success.”

This legislation provides new flexible, responsive tools to build vibrant communities, including \$40 million in financial assistance to redevelop underutilized buildings and lots to unlock new economic development and housing opportunities, and \$10 million for a rural and small town development fund. The bill also increases community and regional capacity by making \$5 million available through grants to

support locally-driven, locally-beneficial growth, \$5 million for maintenance of broadband infrastructure. Additionally, it provides \$15 million in reauthorizations of the Site Readiness Fund and improves existing tools to better serve communities.

Leveraging private sector, academic and federal funding sources, this legislation strengthens partnerships and invests in technology and innovation priorities to encourage cluster growth. This includes making \$45 million available for grant opportunities in areas such as artificial intelligence, robotics, fintech, quantum computing, blockchain and blue tech. The bill also continues the administration's support for advanced manufacturing with a new \$10 million expansion of the Massachusetts Manufacturing Innovation Initiative (M2I2), as well as support for small and growing businesses, including enterprises owned by minority, female, immigrant, or veteran entrepreneurs, through \$10 million of increased funding for community development financial institutions (CDFIs).

"One of the things that distinguishes Massachusetts from other regions is our breadth of industries that lead to emerging technology intersections, and a commitment to remain not only the discoverers but also the makers," **said Dr. Julie Chen, Vice Chancellor for Research and Innovation at the UMass Lowell.** "By promoting the integration of housing, transportation, technology, and talent, this Economic Development bill helps to advance the teaming we need between government, academia, and industry to achieve innovation at scale."

Bill Highlights

Address the Housing Crisis:

- \$50 million for transit-oriented housing for the production of new, high density affordable housing near transit nodes;
- \$25 million for neighborhood stabilization to help nonprofits, municipalities, and community development corporations return blighted or vacant housing back to productive use; and
- \$10 million for sustainable and climate-resilient construction in affordable, multi-family housing developments to better respond to climate change and reduce greenhouse gas emissions through use of efficient, sustainable design practices.
- Building on the 2016 reforms to the Housing Development Incentive Program (HDIP), this bill expands the HDIP program by raising the annual cap to \$30 million so that more multi-unit, market rate housing development projects can move forward in Gateway Cities and similarly situated communities.
- State resources can only go so far if local communities are not zoning for more housing. This legislation includes the language of the Housing Choice legislation approved by the Joint Committee on Housing.
- This bill proposes a series of modifications to existing law to better enable local housing authorities to address capital needs and get the best out of the state's public housing stock.

Build Vibrant Communities:

- \$40 million for revitalizing underutilized properties by supporting the redevelopment of underutilized, blighted, or abandoned spaces;

- \$15 million for the reauthorization of the site readiness fund to continue assisting communities with site assembly and assessment, predevelopment permitting, and other predevelopment activities;
- \$10 million for a rural and small town development fund to support community development and infrastructure projects in rural communities and small towns;
- \$5 million for a grant program to assist municipalities and regional efforts through planning and community capacity efforts on housing and economic development initiatives; and
- \$5 million for maintenance of broadband infrastructure in central and western Massachusetts.
- The Transformative Development Initiative (TDI) is an effective program that has yielded positive results in Gateway Cities across the state. This bill amends two facets of the TDI program, TDI Equity and the TDI Fellows, so that MassDevelopment can better deploy resources and tools.

Support Business Competitiveness:

- \$45 million for a new research and development fund to strategically deploy resources in support of the technology and innovation ecosystems, such as key industry clusters and other emerging areas, and leverage public-private partnerships;
- \$10 million to expand the advanced manufacturing pipeline by providing state support for advanced manufacturing beyond the Massachusetts Manufacturing Innovation Initiative's (M2I2) current scope to allow continued growth across the state;
- \$10 million to enable community development financial institutions to reach underserved populations, such as women and minority-owned businesses, and leverage federal funding to support lending for small businesses in need of capital;
- \$10 million for a matching fund to support large scale capital investments in tourism assets across the state;
- \$5 million for a matching grant program to support micro-businesses and low-to-moderate income entrepreneurs.

Successes through *An Act Enhancing Opportunities for All*, the 2018 economic development bill:

Through the 2019 **MassWorks Infrastructure Program** round, the Baker-Polito Administration awarded more than \$72 million in infrastructure awards to a diverse mix of 36 projects in 35 communities across the Commonwealth, including nine Gateway Cities and eight communities that will receive MassWorks funding for the first time. The awards will unlock a total of \$2.3 billion in private investment and more than 4,600 new full-time jobs, along with more than 3,100 new housing units, more than a third of which are affordable, building on the administration's efforts to tackle the ongoing housing shortage.

In grants approved last month, the **Seaport Economic Council** awarded \$2.34 million to support coastal infrastructure projects that include commercial fishing pier reconstruction and complete marina renovations, as well as more than \$580,000 in maritime economic planning grants to help fund projects such as waterway improvement plans and harbor master plans that seek to identify opportunities to increase economic activity at established waterfronts and address the challenges due to climate change. Since its relaunch by the Baker-Polito Administration in 2015, the Seaport Economic Council has invested over \$44 million through 96 grants in 42 coastal communities, funding projects ranging from local priorities to shared Commonwealth-wide initiatives.

The Baker-Polito Administration recently announced the opening of the second round of the **Massachusetts Dredging Program**, which was created in the 2018 economic development bill. This standalone grant program offers focused funding for saltwater dredging on a competitive, annual basis to help coastal communities maintain and improve their navigational waterways and support the long-term growth and sustainability of the state's blue economy. Last year, the administration awarded a total of \$4.1 million to five communities: Beverly, Chatham, Dennis, Hingham and Nantucket.

In October, the administration announced two new grants totaling over \$5.2 million from the **Massachusetts Manufacturing Innovation Initiative (M2I2)** to support the development of new advanced manufacturing technologies across the state, including a new photonics lab operated by Bridgewater State University and Stonehill College. The Baker-Polito Administration has committed more than \$100 million in funding to the M2I2 effort, which allows the Commonwealth to co-invest in projects supported by the national Manufacturing USA initiative, helping promote innovation and job growth across the state.

And last month, Governor Baker and the Workforce Skills Cabinet awarded \$14.6 million in **Skills Capital Grant** awards to 54 educational institutions to update equipment and expand student enrollment in programs that provide career education. To date, the Baker-Polito Administration has awarded more than \$78 million in Skills Capital Grants to 280 different programs. Through Skills Capital Grants, schools have expanded their enrollment capacity in high-demand occupations, enabling more than 14,500 additional students to enroll in educational programs that are a priority for employers across Massachusetts.

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